

'14

GINNIE MAE SUMMIT

THE POWER OF PARTNERSHIPS
SEPTEMBER 22-23, 2014 | CRYSTAL CITY, VIRGINIA



GinnieMae

Our Guaranty Matters

Ginnie Mae 101 & Onboarding

September 22, 2014

Ginnie Mae 101

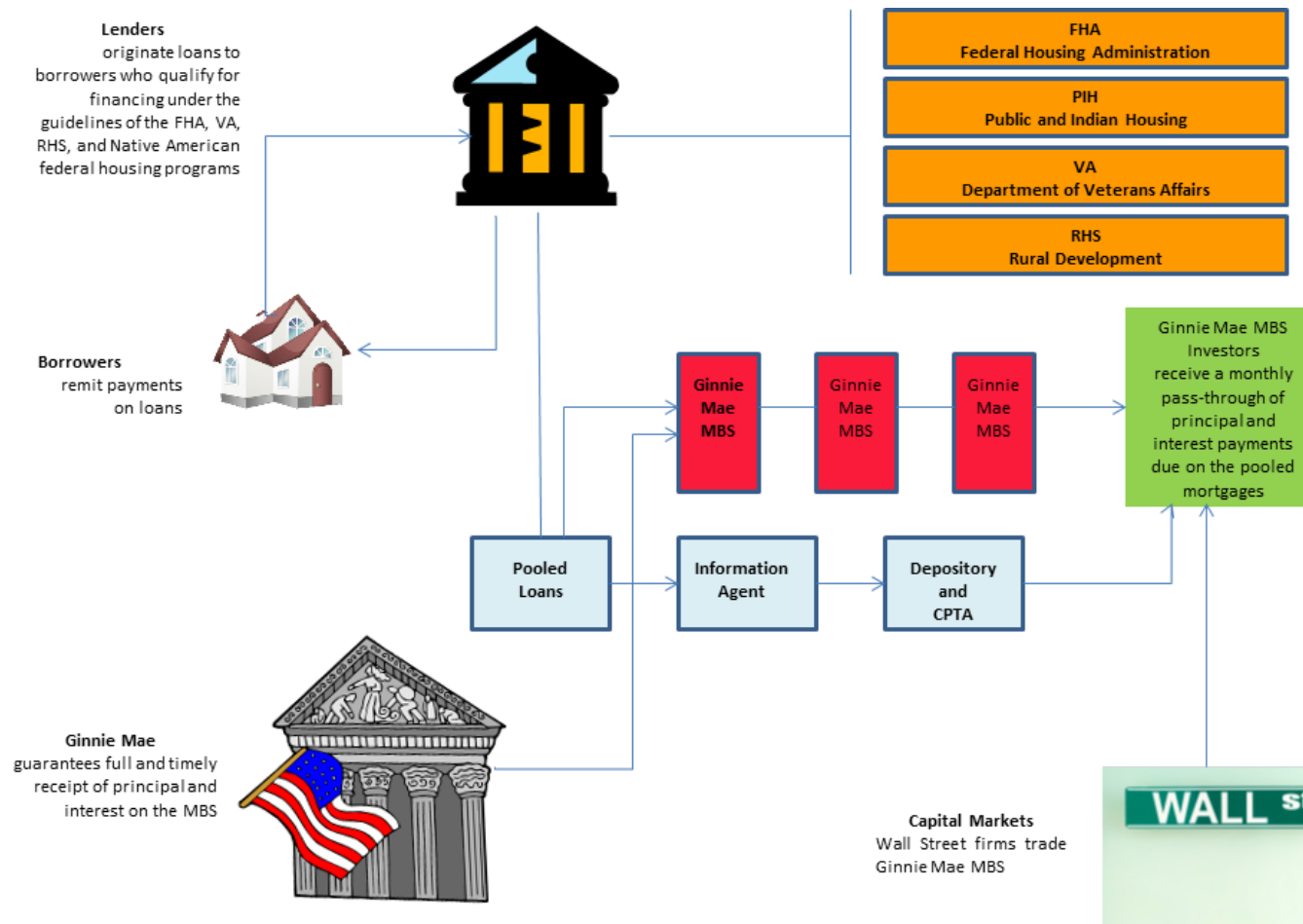
About Ginnie Mae

- **History** within the Department of Housing and Urban Development (HUD) by the Housing & Urban Development Act of 1968 [12 USC § 1716b]
- **Created & issued first-ever Mortgage-Backed Security (MBS) in 1970**
- **Purpose** Ginnie Mae seeks to expand affordable housing by linking global capital markets to the U.S. housing markets
- **Business Model** Guarantees MBS of loans insured or guaranteed by U.S. government agencies: Federal Housing Administration (**FHA**), Veteran Affairs (**VA**), Rural Housing Service (**RH**) and Public and Indian Housing (**PIH**)
- **Ginnie Mae is operationally and financially self-sustaining**
- **Fiscal Year 2014** Ginnie Mae's outstanding portfolio balance is \$1.5 trillion
- **Guaranty** Investors receive timely payment of monthly principal and interest (P&I)
- **Explicit guaranty** of the “full faith & credit of the United States”

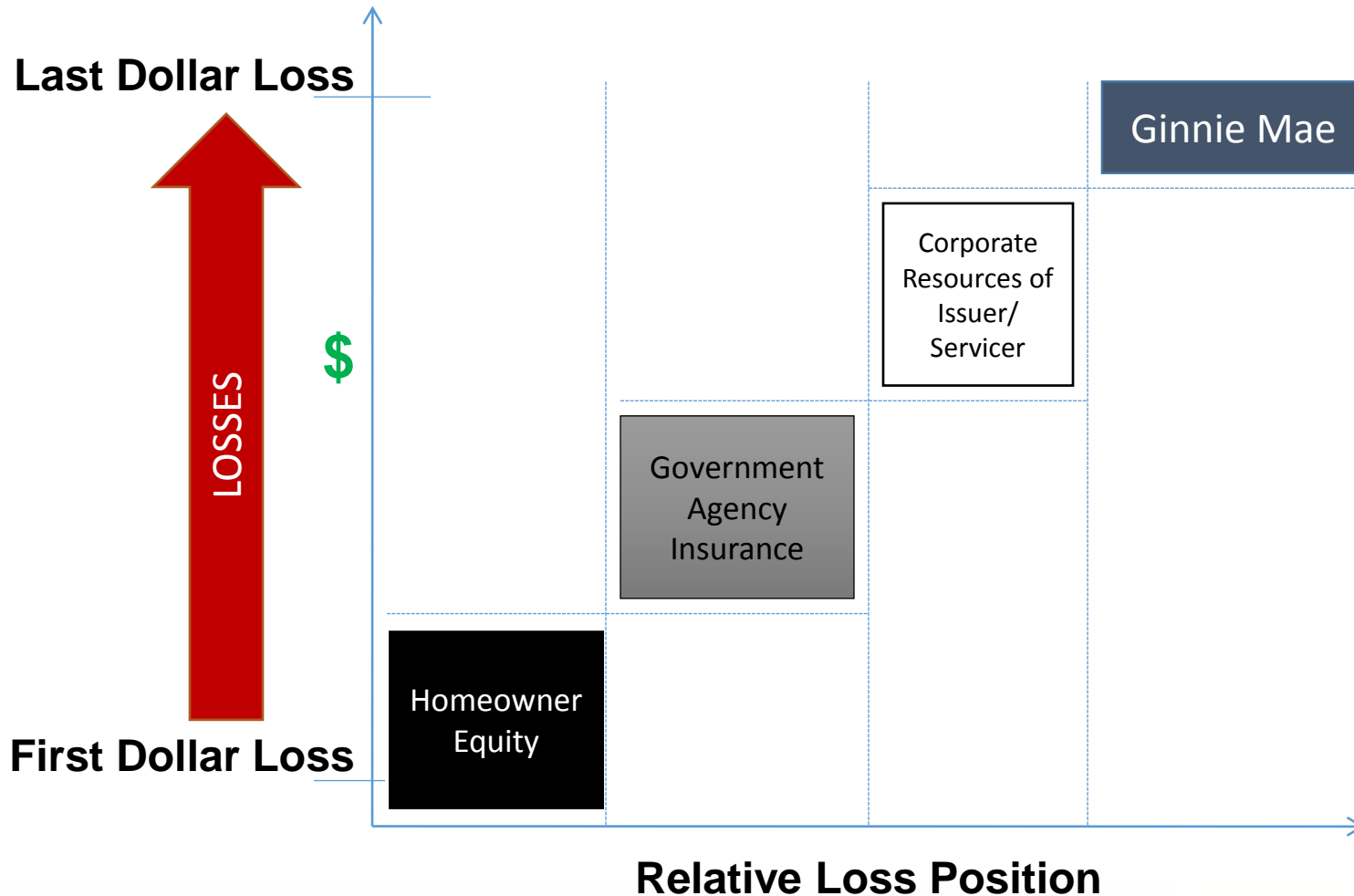
Comparison of Ginnie Mae to the GSEs

Item	Ginnie Mae	GSEs
Ownership Structure	Ginnie Mae is a government corporation within HUD, wholly owned by the U.S. Government.	Corporations that were chartered by Congress, but owned by private common and preferred stockholders. They are currently under conservatorship.
Business Model	Ginnie Mae does not purchase mortgage loans, nor does it buy, sell or issue securities. Private lending institutions approved by Ginnie Mae issue the Ginnie Mae MBS.	The GSEs purchase mortgages to hold in their own portfolios , issue MBS on a swap basis and corporate debt.
Credit Enhancement	FHA / VA/ RHS/ PIH	Private Mortgage Insurers
Credit Loss	If a borrower defaults, the first loss prevention is the collateral value of the property; the lender is then obligated to advance payments or buy out the loan. Second, the FHA/VA/RHS/PIH insurance covers losses. Any loss not covered by the above must be advanced to the MBS holders by the Issuer, which is <i>not reimbursable by Ginnie Mae.</i>	If a borrower defaults, the first loss prevention is the collateral value of the property and the lender is then obligated to advance payments or buy out the loan. Second, <i>the GSE covers any losses.</i>

How the Ginnie Mae MBS Program Works

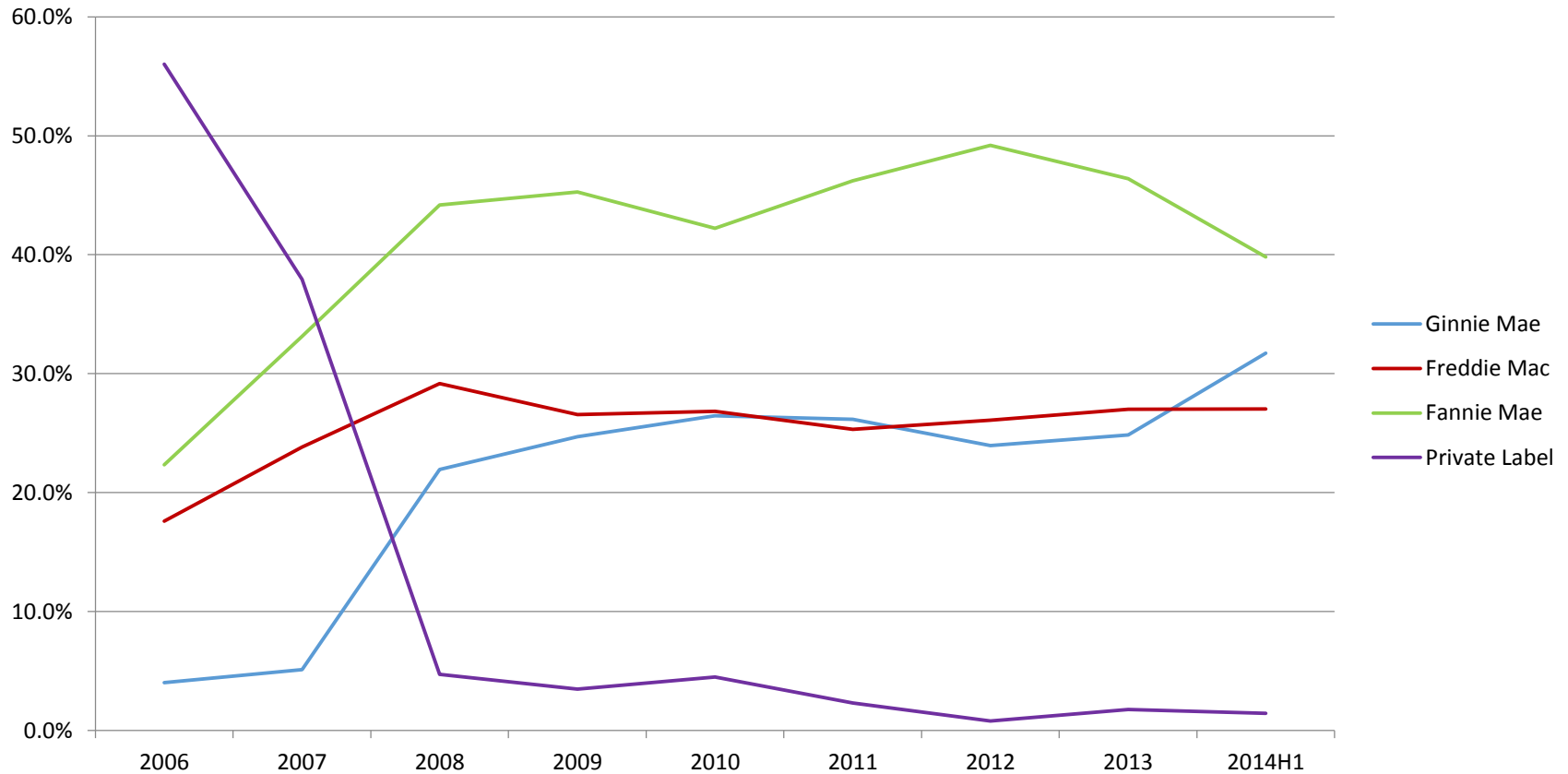


Ginnie Mae Is in the Fourth Loss Position



Ginnie Mae's Growth

Ginnie, Freddie, Fannie, Private % of Single-Family MBS issuance



New Issuer Onboarding

Congratulations...

...you are now an approved Ginnie Mae Issuer.

Along with your account executive, this presentation will assist you with successfully using the Ginnie Mae Program.

Ginnie Mae System Enrollment

- Prior to originating pools of loans you will need to complete the enrollment process
- The Bank of New York maintains the GinnieNet system and conducts the training.
- Send a representative to New York for the fingerprint enrollment. Below are the items that an employee must bring for the enrollment process.
- Enrollment begins with the submission of the following forms:
 - Appendix III-13 Electronic Data Interchange System Agreement
 - Appendix III-14 Enrollment Administrator and GinnieNET Authorized Signatories
- Enrollment must be completed onsite at the Bank of New York or during a GinnieNet training class.
- Enrollment includes:
 - Fingerprinting of designated signatory to HUD-11702
 - Designation of Security Officer
 - GNMA Enterprise Portal access
 - RSA Token

RSA Token

- Q. Why do I need a RSA SecurID Token?
 - A. A RSA SecurID Token is required in order to perform the newly automated functions within the Ginnie Mae Enterprise Portal (GMEP).
- Q. What are the new functions in GMEP that require the use of an RSA SecurID token?
 - A. Commitment Authority Request, Master Agreement Management, and Pool Transfer System actions will require use of the token, to ensure that the individual performing the function is authorized to do so. These individuals must be listed on the HUD Form 11702.
- Q. How do I request a RSA SecurID Token?
 - A. Your Security Officers will control the distribution of RSA SecurID tokens.
- Q. My Security Officer has not received an email with detailed instructions. Who should the SO contact?
 - A. Please contact Ginnie Mae Relationship Services at 1-800-234-4662 Option 1 or send an email to GINNIEMAE1@BNYMELLON.COM.

Ginnie Mae Master Agreements

- Prior to originating pools of loans you will need to complete a set of master agreements.
- The master agreements are to be completed electronically in the Ginnie Mae Enterprise Portal (GMEP)
- These forms will identify your bank accounts, specify individuals who have the right to sign for these accounts, and identify any subcontract servicers. The master agreements include the following:
 - HUD-11702 Resolution of Board of Directors and Certificate of Authorized Signatures
 - HUD-11709 Master Agreement for Servicer's Principal and Interest Custodial Account
 - HUD-11709-A ACH Debit Authorization
 - HUD-11707 Master Servicing Agreement
 - HUD-11715 Master Custodial Agreement
 - HUD-11720 Master Agreement for Servicer's Escrow Custodial Account

Reporting and Feedback System (RFS) Testing

- (RFS) is a web-based application that is accessed via the Ginnie Mae Enterprise Portal (GMEP), and it is used to submit monthly pool and loan level reports
- Prior to issuing pools Ginnie Mae requires that Issuers or their sub-servicer submit test files with correct layouts, data types, and field length in order to achieve a successful test.
- RFS testing is required even when an Issuer elects to use a GNMA-approved sub-servicer.
- To learn more about RFS and testing requirements, review GNMA RFS Issuer Testing Procedures for new GNMA Issuers at:
http://ginniemae.gov/issuers/New_Issuer_Test_RFS.pdf

Important!!

You must complete
this tests prior to
issuing pools

ACH Testing

➤ Complete ACH Test Audit

- GNMA's Central Paying & Transfer Agent (CPTA), currently BNY, must perform a zero balance transaction on the central P&I account to verify that the account is properly established.
- See the GNMA Guide, Chapter 16-4(C) for details related to the establishment and testing of the account.
- Testing occurs once a month at the end of the month.

Important!!

You must complete this test prior to issuing pools

Ginnie Mae Systems

➤ In this section, you will be introduced to the internet-based systems used to conduct business with Ginnie Mae, including:

- GinnieNet
- Ginnie Mae Enterprise Portal (GMEP)
- Reporting and Feedback System (RFS)

GinnieNet

GinnieNet
is used
for:

- New pool details
- Certifications from custodians
- Electronic reports
- Reporting Remaining Principal Balances (RPB)
- Digital certificates

Ginnie Mae Enterprise Portal

GMEP is
used
for:

- Accessing RFS once testing is complete
- Receiving e-Notifications from Ginnie Mae

Ginnie Mae Enterprise Portal

- All Ginnie Mae Issuers must register two employees to serve as the GMEP Security Officers (SOs).
 - Security Officer registration is a requirement for an organization to participate in the RFS Issuer testing.
 - The Authorized Officer on the form HUD 11702 is allowed to serve as the Security Officer.

- Issuer GMEP Security Officers are responsible for:
 - Creating and managing GMEP user accounts for company employees who require access to the GMEP.
 - Updating accounts, resetting passwords and unlocking accounts.
 - Creating other Security Officer user accounts.

Reporting and Feedback System (RFS)

RFS is
used
for:

- Completing monthly investor reporting
- Viewing monthly feedback reports

Congratulations...

...you are now ready to request commitment authority and pool numbers.

Your account executive will schedule a call to discuss the next steps.

Commitment & Pool Number Request

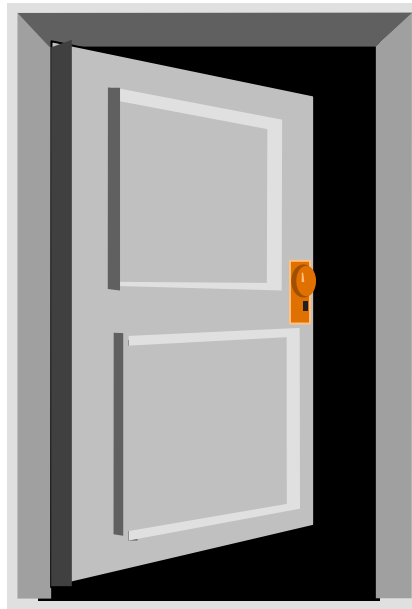
➤ Request Pool Number

- Access via GMEP (Ginnie Mae Enterprise Portal)
- Automated, Electronic Request within Issuance Thresholds –view, print, download assigned pool number file
- RSA SecurID is not required
- 10 pools is the initial pool number request

➤ Commitment Authority Request

- Electronic Request via GMEP (Ginnie Mae Enterprise Portal) – any authorized user may prepare request
- RSA SecurID token is required to submit
- Automated calculation of fees, direct ACH debit
- Electronic status tracking; receipt of approval decisions
- Commitments are valid for 1 year
- Typically the initial request is 4 months of expected monthly volume
- The approval process is 3-5 business days

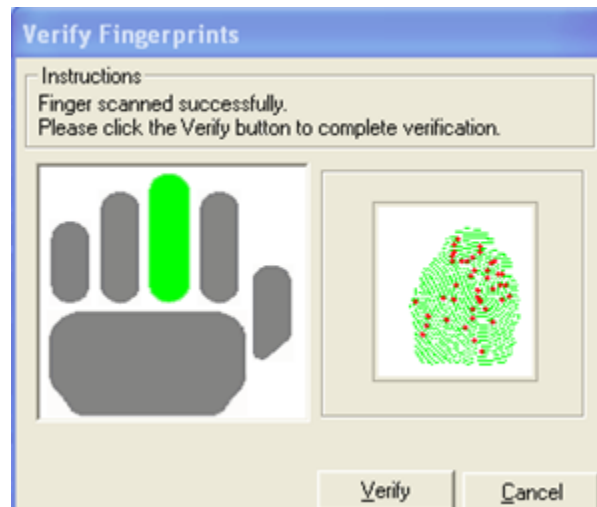
The Path to Pool Issuance



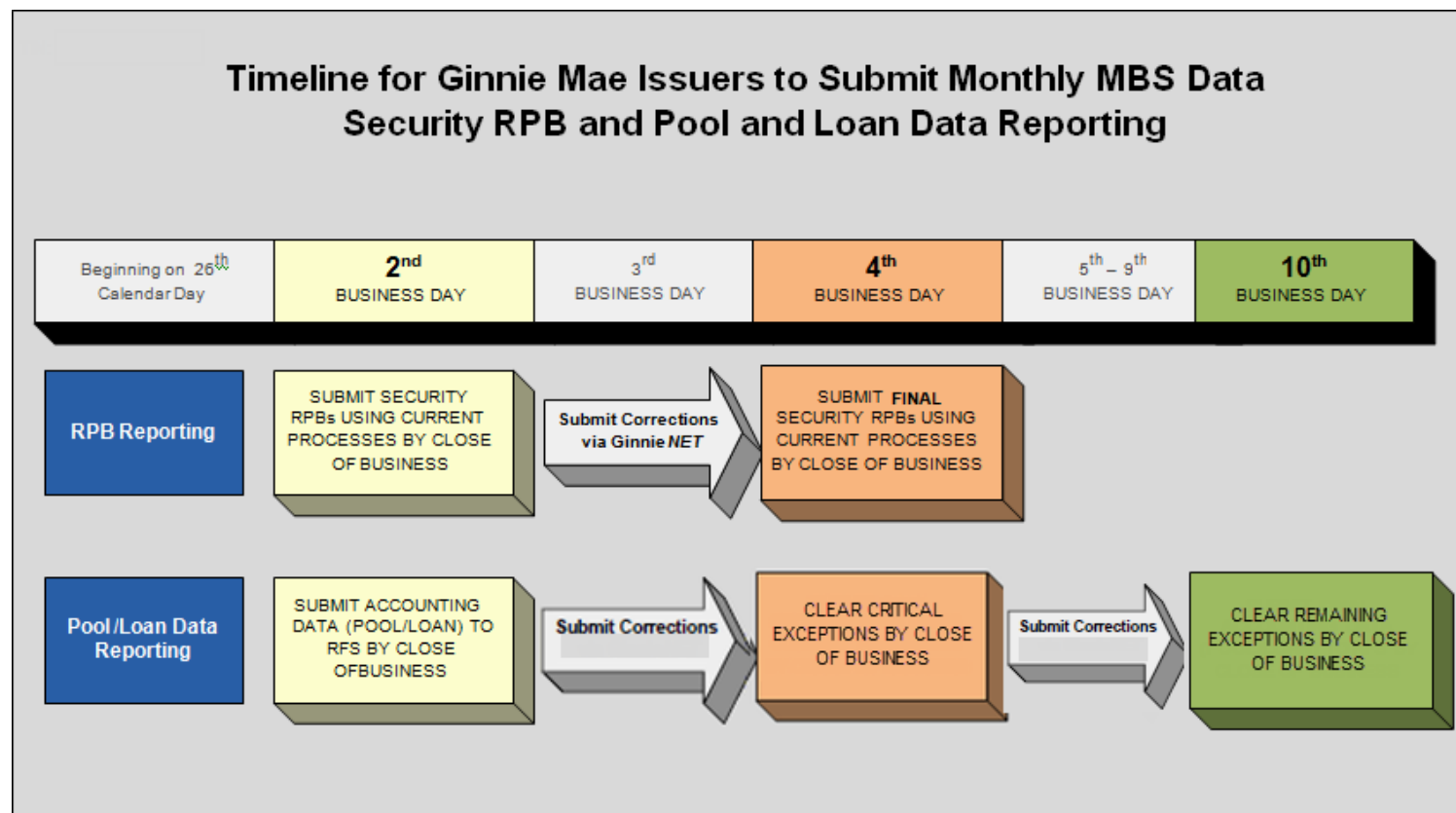
GinnieNET on the Web

Single Family Pool Processing- Host Communications

- On the new Host Communications Selections screen, click on the <Submit> button to initialize the fingerprint verification process.
- Step through the complete fingerprint verification process.
- Once the verification process is completed, the system will then display a transmission status and review page.



RPB: Reporting Timeline



Compliance Review Scheduling

- All reviews are scheduled by the Field Review Contractor at the request of Ginnie Mae
- But, a few general rules are used for determining review frequency:
 - **Probationary Issuers:** Three (3) reviews will be scheduled within 24 months following first pool issuance. The first review is typically 6 months after the first pool issuance.
 - **All other Issuers:** Will be scheduled for review no less than once every three years, but potentially more frequently based on the Issuer's characteristics
- Characteristics that will trigger more frequent reviews:
 - Larger Issuers will be reviewed more frequently
 - Issuers that experience compliance reviews with high risk findings will likely be reviewed more frequently

Issuer Responsibilities

Eligibility

- Be approved FHA mortgagees in good standing
- Maintain a minimum net worth of \$2,500,000
- Obtain and work with an eligible document custodian
- Have fidelity bond and E&O policy in effect
- Read and abide by the Ginnie Mae Mortgage-Backed Securities Guide

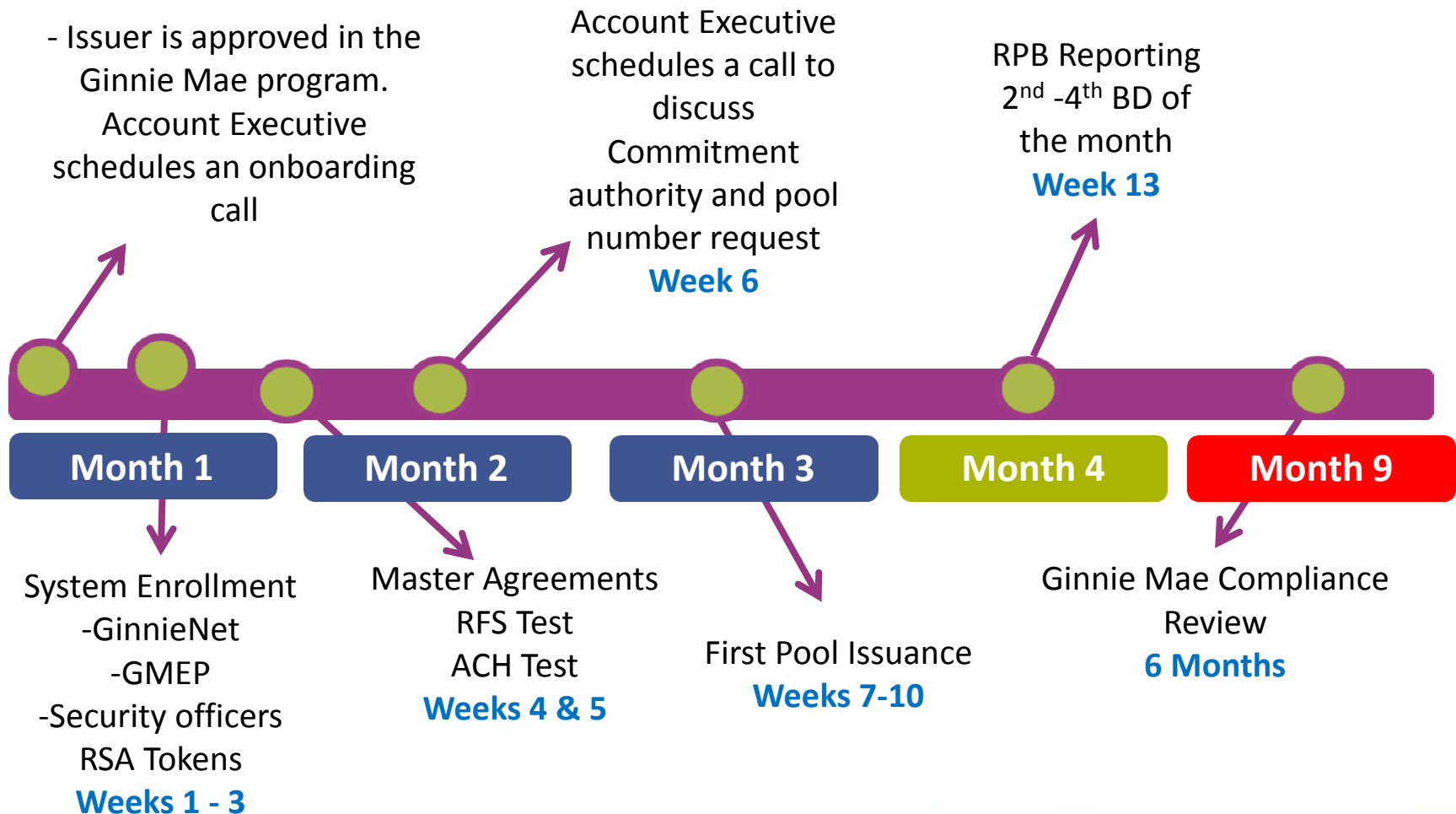
Issuance

- Monitor commitment authority amounts to ensure proper funding is available
- Originate eligible mortgages and form pools or loan packages
- Service all mortgages in the pool

Remitting and Reporting

- Submit payments to security holders
- Report pool- and loan-level information to Ginnie Mae
- Submit annual financials
- Submit quarterly financial reports via MBFRF

Timeline Example



Ginnie Mae Communication

- e-Notification System is an internet-based system that will allow Ginnie Mae to communicate key information available electronically to issuers and document custodians. E-Note is located in the Ginnie Mae Enterprise Portal.
- APMs are important notifications released by Ginnie Mae to ensure issuers are up to date on all policy changes. APMs are sent via e-Notification and posted on the Ginnie Mae website.
- Ginnie Mae Outreach Calls located on the Ginnie Mae website.
http://ginniemae.gov/doing_business_with_ginniemae/issuer_resources/Pages/Calendar-of-Events.aspx

Ginnie Mae Online University

- Issuers can now create a login and password to access Ginnie Mae's online University
- No course registration fee
- Courses
 - Ginnie Mae 101
 - Applying to Ginnie Mae
 - Post-Approval Process
 - Issuing Securities
 - Monthly Reporting

Ginnie Mae Contact and Links

- **Ginnie Mae Hotline** 1-888-GINNIE4 (Option1)
- **Ginnie Mae Web Site** <http://www.ginniemae.gov>
- **Ginnie Mae FAQ** <http://www.ginniemae.gov/Pages/faq.aspx>
- **Issuer Training Presentations**
http://ginniemae.gov/doing_business_with_ginniemae/issuer_resources/ginnienet/Pages/newissuertrainingpresentations.aspx

Q&A